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## 6. OPERATIONS & MAINTENANCE

Equally important to the ability to construct new parks and recreation facilities is the ability to operate and maintain these facilities over time. The following table estimates gross operations and maintenance costs for the proposed facilities, without taking into account potential cost recoveries through user fees and other means. These costs include the cost of operating programs at the various facilities. Costs for various maintenance items were determined using current City experience, feasibility reports prepared by the City, as well as experience in other communities operating and maintaining similar facilities.

### **Parks Maintenance**

General parks maintenance for neighborhood, community and sports parks was estimated at \$14,000 per acre per year. This is based on current city expenditures for parks maintenance. It is assumed that more passive natural areas, such as Silveira Park and trails, will have a lower per-acre maintenance cost, which has been estimated annually at \$1,000–2,000 per acre. The Butterfield Linear Park was estimated at \$10,000 per acre, since there will be more landscape areas and possibly other facilities to maintain.

#### ***Special Use Facilities***

Special Use Facilities show a range of operations and maintenance costs. The range reflects the fact that final design programs and sizes for each facility have not been finalized. The Community and Cultural Center has not been included in the Operations and Maintenance budget at this time as the design is in the process of being finalized. It is assumed that the Cultural Center will “pay for itself”, and long-term operations and maintenance costs for the entire parks and recreation system will not be impacted by this center. Revisions to the Community and Cultural Center business plan should be made prior to final acceptance of the design to test this assumption.

A theater is included as a possible stand alone facility. However, it should be built only following completion of a business plan, including identification of an organization that can assume long-term operations responsibilities with little or no City subsidy.

#### ***Current Expenditures***

As noted in the following table, current annual expenditures for recreation operations total \$434,000, and the budget for parks maintenance is \$780,000. At build-out, these costs would be tripled to quadrupled.

OPERATIONS & MAINTENANCE

**Table 6.1**  
**Operations and Maintenance Budget**

Description	Acres	Annual O & M Cost	
1 Estimated at \$14,000 per acre.			
2 Estimated at \$1,000-\$2,000 per park due to low intensity use.			
3 Estimated at \$6,000 per acre due to shared maintenance tasks with other facilities.			
4 Estimated at \$10,000 per acre due to more landscaping than other trails.			
5 Estimated at \$2,500 per acre.			
6 Estimated at \$6,000 per acre.			
7 For new recreation programs, such as drop-in after school programs and/or special therapy programs.			
8 O&M cost includes whether facility is staffed.			
9 Assumes O&M responsibility by other agency or non-profit. Minor annual City contribution for repairs/renovation.			
10 May be included in maintenance costs of another park.			
<b>New Neighborhood Parks</b>	<b>15-25</b>	<b>\$210,000</b>	<b>– \$280,000</b>
<b>Sports Park/Soccer Complex</b>	<b>40-50</b>	<b>\$560,000</b>	<b>– \$700,000</b>
<b>Aquatics Center</b>	<b>4-8</b>	<b>\$500,000</b>	<b>– \$1,250,000</b>
<b>Community Recreation Center</b>	<b>N/A</b>	<b>\$500,000</b>	<b>– \$1,000,000</b>
<b>Silvera Park Improvements</b>	<b>58</b>	<b>\$58,000</b>	<b>– \$116,000</b>
<b>Community Park Expansion<sup>3</sup></b>		<b>\$36,000</b>	<b>– \$64,000</b>
<b>Butterfield Linear Park<sup>4</sup></b>	<b>1.8</b>	<b>\$10,800</b>	<b>– \$10,800</b>
<b>Open Trails</b>	<b>7.2</b>	<b>\$18,000</b>	<b>– \$18,000</b>
<b>San Pedro Percolation Ponds<sup>5</sup></b>	<b>28</b>	<b>\$28,000</b>	<b>– \$56,000</b>
<b>School Joint Use Agreement<sup>6</sup></b>	<b>10-30</b>	<b>\$60,000</b>	<b>– \$180,000</b>
<b>Skate Park</b>	<b>N/A</b>	<b>\$10,000</b>	<b>– \$30,000</b>
<b>BMX Park</b>	<b>N/A</b>	<b>\$10,000</b>	<b>– \$10,000</b>
<b>Dog Park<sup>10</sup></b>	<b>N/A</b>	<b>\$0</b>	<b>– \$5,000</b>
<b>Theater</b>	<b>N/A</b>	<b>\$20,000</b>	<b>– \$20,000</b>
<b>Miscellaneous Recreation Programs<sup>7</sup></b>	<b>N/A</b>	<b>\$75,000</b>	<b>– \$150,000</b>
<b>Subtotal</b>		<b>\$2,095,800</b>	<b>– \$3,909,800</b>
<b>Administrative Overhead @ 15%</b>		<b>\$314,370</b>	<b>– \$586,470</b>
<b>Subtotal</b>		<b>\$2,410,170</b>	<b>– \$4,496,270</b>
<b>Existing Recreation Budget</b>		<b>\$434,000</b>	<b>– \$434,000</b>
<b>Existing Parks Budget</b>		<b>\$780,000</b>	<b>– \$780,000</b>
<b>TOTAL</b>		<b>\$3,624,170</b>	<b>– \$5,710,270</b>

As noted previously, the operations and maintenance costs in the above table are gross costs and do not take into account the potential for cost recovery. The next table indicates cost recovery goals for various facilities to help offset operations and maintenance expenses. As noted in the table, some facilities (aquatics center and community recreation center) have a higher likelihood of recovering costs due to the ability to charge user fees for most programs. Other facilities, such as neighborhood parks, trails, and the skate park, have a much lower ability to recover costs through user fees. The targets for user fee recovery are based on feasibility studies completed by the City and experience with similar facilities from other communities. For example, the aquatics center feasibility study prepared for the City concludes that an aquatics center could be 100% self-supporting if a leisure recreation pool was combined with a competition pool. (If a 50-meter indoor pool was constructed, the facility would not pay for itself and would run an annual deficit.)

This table underscores the importance of designing facilities to meet community needs and preparing business plans that address long-term operations and maintenance as a part of the design process.

O P E R A T I O N S   &   M A I N T E N A N C E

*Table 6.2*  
*Operations and Maintenance Cost Recovery Goals*

Description	Projected O & M Annual Cost	User Fee	Subtotal User Fee Recovery	Remaining O & M Balance
New Neighborhood Parks	\$210,000 – \$280,000	5% – 5%	\$10,500 – \$14,000	\$199,500 – \$266,000
Sports Park/Soccer Complex	\$560,000 – \$700,000	50% – 75%	\$280,000 – \$525,000	\$140,000 – \$350,000
Aquatics Center	\$500,000 – \$1,250,000	70% – 100%	\$350,000 – \$1,250,000	\$0 – \$375,000
Community Recreation Center	\$500,000 – \$1,000,000	50% – 80%	\$250,000 – \$800,000	\$100,000 – \$500,000
Silveira Park Improvements	\$58,000 – \$116,000	0% – 0%	\$0 – \$0	\$58,000 – \$116,000
Community Park Expansion	\$36,000 – \$64,000	10% – 50%	\$3,600 – \$32,000	\$18,000 – \$57,600
Butterfield Linear Park	\$10,800 – \$10,800	0% – 0%	\$0 – \$0	\$10,800 – \$10,800
Other Trails	\$18,000 – \$18,000	0% – 0%	\$0 – \$0	\$18,000 – \$18,000
San Pedro Perc. Ponds	\$28,000 – \$56,000	0% – 0%	\$0 – \$0	\$28,000 – \$56,000
School Joint Use Agreement	\$60,000 – \$120,000	20% – 20%	\$12,000 – \$24,000	\$48,000 – \$96,000
Skate Park	\$10,000 – \$50,000	0% – 125%	\$0 – \$62,500	-\$12,500 – \$50,000
BMX Park	\$10,000 – \$10,000	0% – 100%	\$0 – \$10,000	\$0 – \$10,000
Dog Park	\$0 – \$5,000	0% – 0%	\$0 – \$0	\$0 – \$5,000
Theater	\$20,000 – \$20,000	0% – 0%	\$0 – \$0	\$20,000 – \$20,000
Miscellaneous Recreation Programs	\$75,000 – \$150,000	25% – 50%	\$18,750 – \$75,000	\$37,500 – \$112,500
Subtotal	\$2,095,800 – \$3,849,800		\$924,850 – \$2,792,500	\$665,300 – \$2,042,900
Administrative Overhead @ 15%	\$314,370 – \$577,470			\$314,370 – \$577,470
Subtotal	\$2,410,170 – \$4,427,270		\$924,850 – \$2,792,500	\$979,670 – \$2,620,370
Existing Recreation Budget	\$434,000 \$434,000	20% 20%	\$86,800 \$86,800	\$347,200 \$347,200
Existing Parks Budget	\$780,000 \$780,000	10% 10%	\$78,000 \$78,000	\$702,000 \$702,000
TOTAL	\$3,624,170 – \$5,641,270		\$1,089,650 – \$2,957,300	\$2,028,870 – \$3,669,570

***Potential Additional Operations and Maintenance Funding Sources***

It is clear from the above table that not all recreation facilities will pay for themselves. After subtracting potential user fee recoveries and the current General Fund allocation of \$1,214,000 from gross operations and maintenance costs, a balance still remains of unfunded costs:

<b>Remaining O &amp; M Balance</b>	<b>\$2,028,870–3,669,570</b>
Current General Fund Allocation for Recreation Services and Parks Maintenance	\$1,214,000
<b>Unfunded O &amp; M Balance</b>	<b>\$814,870– 2,455,570</b>

Several potential funding mechanisms and sources are available to assist in funding long-term operations and maintenance. It is important to note that funding sources should be regular and reliable since these costs are long-term. While donations of money and labor can certainly help to off-set maintenance costs, they cannot always be relied upon year after year. In addition, redevelopment agency funding or park development impact fees cannot be used to fund operations and maintenance.

- Establish a Citywide Assessment District. Currently, the City has one Landscape Maintenance District with 20 sub-areas. Each sub-area pays a different assessment rate depending on the number of homes within the sub-area and the improvements that are maintained. Current assessments range from about \$9 to nearly \$500 per year. Most sub-areas have some park-like amenities. Consolidation of this district with all residents who are not currently in an assessment district into a Citywide district would provide a reliable and regular income source for Operations and Maintenance that does not impact the General Fund. A Citywide assessment would allow for more equitable distribution of operations and maintenance costs. At the same time, some Homeowners Association Parks could be incorporated into the City parks system if mutually agreeable to the City and the Homeowners Association.
- Increase General Fund allocation for parks and recreation by 5%–10% annually. This will have an impact on other City programs and services unless the total General Fund revenues increase proportionately.
- Establish a Parks and Recreation "Charter Fund" which would set long-term base-level funding for operations and maintenance. This approach would have implications for discretionary General Fund spending, and may have legal implications for the City's organizational structure ("General Law" City vs. "Charter" City).
- Allocate a portion of the transient occupancy (hotel) tax to parks and recreation, and consider increasing the tax rate. The TOT generated \$1,089,891 in fiscal year 1999/2000. The current TOT rate is 10%. TOT revenues are not allocated to any specific areas, but rather are part of the City's

discretionary tax base within the General Fund. Therefore, allocating a portion of the City's TOT to parks and recreation would have an impact on General Fund discretionary spending.

- Enhance a Parks and Recreation endowment fund through additional donations. Currently an informal endowment fund exists through the City's residential development allocation process. Developers earn extra points if they voluntarily double or triple the base parks development impact fee. Interest from this additional funding is used to help cover maintenance costs.

### Comparison with Other Cities

The following table indicates how Morgan Hill's general fund allocation for parks and recreation operations and maintenance compares with other cities.

*Table 6.3  
City Comparison of O&M Funding*

<b>City &amp; Population</b>	<b>Parks &amp; Recreation Annual O&amp;M Funding</b>	<b>Total General Fund Expenditures</b>	<b>Parks &amp; Recreation O&amp;M Funding % of General Fund</b>
Morgan Hill–32,000	\$1,214,000	\$11,327,225	11%
Monterey–32,792	\$7,161,721	\$40,759,498	18%
Roseville–74,234	\$9,159,647 <sup>1</sup>	\$61,196,942	15%
Santa Clara–102,895	\$9,200,000	\$86,000,000	11%
Los Gatos–28,951	\$1,813,200 <sup>2</sup>	\$21,439,100	8%

- While Monterey spends significantly more than Morgan Hill on parks and recreation operations and maintenance, about 30% of the City's General Fund revenues are derived from its Transient Occupancy Tax (TOT).
- Recreation programs in the town of Los Gatos are provided by the Los Gatos/Saratoga Community Education and Recreation, a Joint Powers Agency (JPA) of three school districts. With a 2001 budget of \$4,768,900, the JPA is 100% self-supporting with no tax support.

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<sup>1</sup> Does not include golf course and school age child-care that operate as separate funds.

<sup>2</sup> For maintenance only. Recreation programs are provided by the Los Gatos/Saratoga Community Education and Recreation JPA with an annual Budget of \$4.77 million.